

# Joint Legislative Budget Committee - Fiscal Year 2000 and 2001 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System  
Agency Summary

JLBC: Jennifer Vermeer/Gretchen Logan  
House: Johnson

OSPB: Shelli Siver  
Senate: Wettaw

DESCRIPTION	FY 1998 ACTUAL	FY 1999 ESTIMATE	FY 2000		FY 2001	
			OSPB	JLBC	OSPB	JLBC
<b>BY PROGRAM/ORGANIZATION</b>						
Administration	98,993,600	153,963,000	176,352,000	167,386,600	198,647,200	186,416,500
Acute Care Program	1,202,545,900	1,274,422,100	1,299,419,500	1,289,590,900	1,369,748,100	1,367,051,700
Long-Term Care Program	423,151,700	488,414,900	512,836,700	517,044,300	566,868,400	568,248,800
<b>AGENCY TOTAL</b>	<b>1,724,691,200</b>	<b>1,916,800,000</b>	<b>1,988,608,200</b>	<b>1,974,021,800</b>	<b>2,135,263,700</b>	<b>2,121,717,000</b>

## OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	2,209.7	2,270.7	2,489.8	2,310.5	2,531.3	2,327.5
Personal Services	29,188,500	31,896,900	34,031,000	30,211,300	34,031,000	30,211,300
Employee Related Expenditures	6,836,500	7,330,300	8,006,600	6,846,700	8,271,500	7,028,400
All Other Operating Expenditures:						
Professional and Outside Services	5,170,100	5,784,800	5,524,500	4,566,900	5,268,500	4,566,900
Travel - In State	203,300	266,300	275,100	253,300	275,100	253,300
Travel - Out of State	34,500	57,900	57,900	46,900	57,900	46,900
Other Operating Expenditures	12,188,500	12,844,200	13,072,400	12,302,200	13,072,700	12,065,100
Equipment	2,476,500	2,528,900	1,474,900	2,416,500	2,395,300	2,416,500
<b>OPERATING SUBTOTAL</b>	<b>56,097,900</b>	<b>60,709,300</b>	<b>62,442,400</b>	<b>56,643,800</b>	<b>63,372,000</b>	<b>56,588,400</b>
Special Line Items	1,668,593,300	1,856,090,700	1,926,165,800	1,917,378,000	2,071,891,700	2,065,128,600
<b>AGENCY TOTAL</b>	<b>1,724,691,200</b>	<b>1,916,800,000</b>	<b>1,988,608,200</b>	<b>1,974,021,800</b>	<b>2,135,263,700</b>	<b>2,121,717,000</b>

## BY FUND SOURCE

General Fund	479,028,000	502,147,400	508,076,500	492,731,600	549,623,600	528,841,200
County Funds	211,390,000	221,434,500	220,838,800	221,277,500	224,259,500	224,104,700
Tobacco Tax Funds	25,266,700	36,775,700	13,123,100	30,328,400	8,201,500	31,947,300
Tobacco Settlement Funds	0	0	12,500,000	0	17,546,400	0
Donations Fund	755,500	1,294,200	1,244,200	1,253,200	1,247,600	1,256,600
Third Party Collections	1,855,800	1,583,400	1,124,800	1,124,800	1,124,800	882,000
Children's Health Insurance Program Fund	0	38,400,000	61,017,000	60,413,100	80,236,900	79,379,300
Federal Funds	1,006,395,400	1,115,164,800	1,170,683,800	1,166,893,200	1,253,266,200	1,255,305,900
<b>TOTAL - ALL SOURCES</b>	<b>1,724,691,400</b>	<b>1,916,800,000</b>	<b>1,988,608,200</b>	<b>1,974,021,800</b>	<b>2,135,506,500</b>	<b>2,121,717,000</b>

**Agency Description** — *The Arizona Health Care Cost Containment System (AHCCCS) is Arizona's alternative to a traditional fee-for-service Medicaid system. Started in 1982, AHCCCS operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS members gain eligibility through a variety of federal and state programs. In some cases, eligibility based on federal programs is tied to the applicant also being eligible for a cash assistance program, such as Supplemental Security Income (SSI). Although another cash assistance program, Aid to Families with Dependent Children (AFDC), was replaced and its automatic link to eligibility severed, citizens who meet AFDC eligibility criteria as of July 16, 1996 will remain eligible for AHCCCS. Low-income pregnant women and children can qualify under a federal "medical assistance only" category. Other individuals not meeting federal eligibility requirements but either indigent or having catastrophic medical expenses may qualify for state-supported assistance in the Medically Needy/Medically Indigent (MN/MI) program or other state-only eligibility programs. In addition to an acute medical services program, AHCCCS also operates the Arizona Long-Term Care System (ALTCs), a Medicaid program that provides long-term nursing care in nursing facilities or home and community based settings.*

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Change in Funding Summary	FY 1999 to FY 2000 JLBC		FY 2000 JLBC to FY 2001 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(9,415,800)	(1.9)%	\$36,109,600	6.8%
County Funds	(157,000)	(0.1)%	2,827,200	1.3%
Tobacco Tax Funds	(6,447,300)	(17.5)%	1,618,900	5.1%
Donations Fund	(41,000)	(3.2)%	3,400	0.3%
Third Party Collections	(458,600)	(29.0)%	(242,800)	(27.5)%
CHIP Fund	22,013,100	57.3%	18,966,200	23.9%
Federal Funds	51,728,400	4.6%	88,412,700	7.0%
Total Funds	\$57,221,800	3.0%	\$147,695,200	7.0%

## Recommended Changes from Prior Year

		<u>FY 2000</u>	<u>FY 2001</u>
Standard Changes			
Pay Annualization	GF	\$488,800	-0-
	TF	768,500	-0-
ERE Rates	GF	66,700	144,900
	TF	79,300	317,400
Risk Management	GF	(34,800)	-0-
	TF	(83,000)	-0-
Rent	GF	31,500	200
	TF	73,900	500
<b>ADMINISTRATION</b>			
Early Fraud Detection Unit	GF	128,100	-0-
	TF	128,100	-0-
5% Administrative Reduction	GF	(1,437,900)	-0-
	TF	(2,880,200)	-0-
15% DES Eligibility Reduction	GF	(2,928,400)	-0-
	TF	(5,856,800)	-0-
DES Cost Allocation	GF	4,360,500	-0-
	TF	8,721,000	-0-
DHS Licensure	TF	62,100	-0-
Healthcare Group One-time	GF	-0-	-0-
Expenditure	TF	(8,000,000)	-0-
Transfer to OAH	GF	(294,900)	-0-
	TF	(309,500)	-0-
Children's Health Insurance	GF	(154,700)	-0-
Program	OF	21,583,700	18,949,600
Other	GF	(52,000)	-0-
	TF	(863,500)	(237,600)

## LONG-TERM CARE

ALTCS Growth	GF	7,638,300	14,616,800
	TF	28,629,400	51,204,500

## ACUTE CARE

FY 1999 Rebase	GF	(34,214,200)	-0-
	TF	(71,238,200)	-0-
Demographic and	GF	17,192,900	21,627,800
Inflationary Increases	TF	83,727,200	60,530,100
Indian Health Services	GF	-0-	-0-
Facilities	TF	3,843,500	187,800
CHIP Transfers and	GF	(450,900)	(205,900)
Woodwork	TF	9,220,500	(205,900)
Fraud Detection Savings	GF	-0-	(1,000,000)
	TF	-0-	(2,934,300)
Medicare Premiums	GF	574,500	683,000
	TF	2,965,700	17,671,500
Third Party Collections	GF	458,600	242,800
	TF	-0-	-0-
Disproportionate Share	GF	(787,900)	-0-
Payments	TF	(787,900)	-0-
Continue Phase-Down of	GF	-0-	-0-
Quick Pay Discount	TF	(5,535,400)	1,742,900
Maternity Length of Stay	GF	-0-	-0-
	TF	(4,987,700)	251,200
HIV/AIDS Treatment	GF	-0-	-0-
	TF	(2,038,900)	217,500

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JLBC Recommended Format — Varies by Program

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